

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5-27-27  
Date

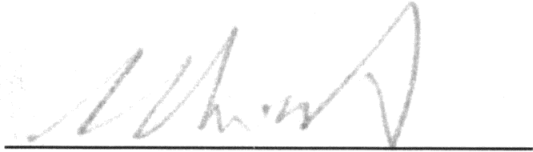
Honorable Dan Patrick  
President of the Senate

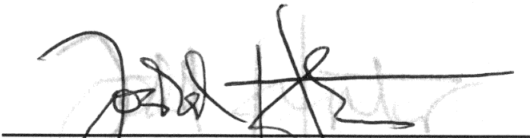
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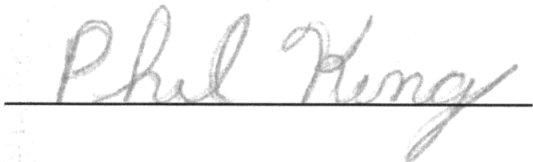
Honorable Dade Phelan  
Speaker of the House of Representatives

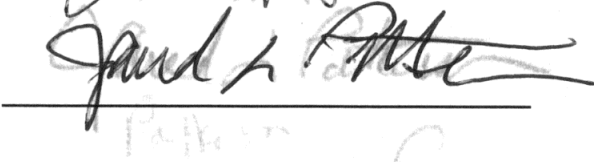
Sirs:

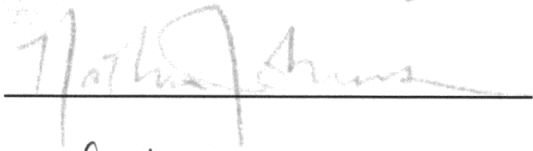
We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on \_\_\_\_\_ have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

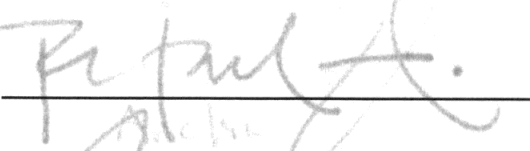


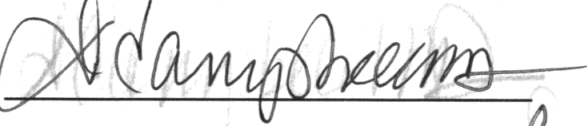


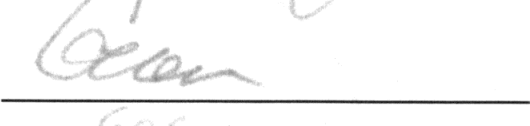
















On the part of the Senate

On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.



# CONFERENCE COMMITTEE REPORT

3<sup>rd</sup> Printing

S.B. No. 2627

A BILL TO BE ENTITLED

AN ACT

relating to funding mechanisms to support the construction,  
maintenance, modernization, and operation of electric generating  
facilities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. This Act may be cited as the Powering Texas  
Forward Act.

SECTION 2. Subtitle B, Title 2, Utilities Code, is amended  
by adding Chapter 34 to read as follows:

## CHAPTER 34. FACILITY FUNDING

### SUBCHAPTER A. TEXAS ENERGY FUND; GRANTS AND LOANS

#### Sec. 34.0101. DEFINITIONS. In this subchapter:

(1) "Advisory committee" means the Texas Energy Fund  
Advisory Committee.

(2) "Fund" means the Texas energy fund established by  
Section 49-g, Article III, Texas Constitution.

(3) "Trust company" means the Texas Treasury  
Safekeeping Trust Company.

Sec. 34.0102. FUND. (a) The fund is a special fund in the  
state treasury outside the general revenue fund to be administered  
and used by the commission for the purposes authorized by this  
chapter. The commission may establish separate accounts in the  
fund.

(b) The fund and the fund's accounts are kept and held by the

1 trust company for and in the name of the commission.

2 (c) Money deposited to the credit of the fund may be used  
3 only as provided by this chapter.

4 (d) The fund consists of:

5 (1) money appropriated, credited, transferred, or  
6 deposited to the credit of the fund by or as authorized by law,  
7 including money from any source transferred or deposited to the  
8 credit of the fund at the commission's discretion;

9 (2) revenue that the legislature by statute dedicates  
10 for deposit to the credit of the fund;

11 (3) investment earnings and interest earned on money  
12 in the fund; and

13 (4) gifts, grants, and donations contributed to the  
14 fund.

15 Sec. 34.0103. GRANTS FOR FACILITIES OUTSIDE ERCOT POWER  
16 REGION. (a) The commission may use money in the fund without  
17 further appropriation to provide grants to be used for transmission  
18 and distribution infrastructure and electric generating facilities  
19 in this state outside the ERCOT power region for:

20 (1) facility modernization;

21 (2) facility weatherization;

22 (3) reliability and resiliency facility enhancements;

23 or

24 (4) vegetation management.

25 (b) In evaluating an application for a grant under this  
26 section, the commission:

27 (1) shall evaluate whether the project for which the



1 grant is requested is reasonable; and

2 (2) may consider any other appropriate factors.

3 (c) Information submitted to the commission in an  
4 application for a grant under this section is confidential and not  
5 subject to disclosure under Chapter 552, Government Code.

6 (d) Proceeds of a grant received under this section may not  
7 be used for:

8 (1) compliance with weatherization standards adopted  
9 before December 1, 2023; or

10 (2) debt payments.

11 Sec. 34.0104. LOANS FOR ERCOT POWER REGION. (a) The  
12 commission may use money in the fund without further appropriation  
13 to provide loans to finance upgrades to existing dispatchable  
14 electric generating facilities providing power for the ERCOT power  
15 region that result in a net increase of at least 100 megawatts of  
16 capacity for each facility or the construction of dispatchable  
17 electric generating facilities providing power for the ERCOT power  
18 region that each have a generation capacity of at least 100  
19 megawatts. For the purposes of this section, a generating facility  
20 is considered to be dispatchable if the facility's output can be  
21 controlled primarily by forces under human control. An electric  
22 energy storage facility is not eligible for a loan under this  
23 section.

24 (b) The commission may provide a construction loan under  
25 this section only:

26 (1) for construction of a facility that will have a  
27 generation capacity of at least 100 megawatts and that does not meet

1 the planning model requirements necessary to be included in the  
2 Capacity Demand and Reserves Report of the independent organization  
3 certified under Section 39.151 for the ERCOT power region before  
4 June 1, 2023;

5           (2) in an amount that does not exceed 60 percent of the  
6 estimated cost of the facility to be constructed; and

7           (3) if the agreement ensures that the loan is to be the  
8 senior debt secured by the facility.

9           (c) The commission shall evaluate an application for a loan  
10 under this section based on:

11               (1) the applicant's:

12                       (A) quality of services and management;

13                       (B) efficiency of operations;

14                       (C) history of electricity generation operations  
15 in this state and this country;

16                       (D) resource operation attributes;

17                       (E) ability to address regional and reliability  
18 needs;

19                       (F) access to resources essential for operating  
20 the facility for which the loan is requested, such as land, water,  
21 and reliable infrastructure, as applicable; and

22                       (G) evidence of creditworthiness and ability to  
23 repay the loan on the terms established in the loan agreement,  
24 including the applicant's total assets, total liabilities, net  
25 worth, and credit ratings issued by major credit rating agencies;

26           (2) the generation capacity and estimated costs of the  
27 project for which the loan is requested; and

1           (3) any other factors the commission considers  
2 appropriate.

3           (d) Outstanding loans provided under this section and  
4 grants provided under Section 34.0105, considered together, may not  
5 support the addition or construction of more than 10,000 megawatts  
6 of generation capacity.

7           (e) An electric utility other than a river authority may not  
8 receive a loan under this section.

9           (f) A loan provided under this section must:

10               (1) have a term of 20 years;

11               (2) be payable ratably starting on the third  
12 anniversary of the estimated commercial operation date of the  
13 facility for which the loan was provided, as stated in the loan  
14 application; and

15               (3) bear an interest rate of three percent.

16           (g) The commission shall require each recipient of a loan  
17 under this section to deposit in an escrow account held by the  
18 comptroller an amount of money equal to three percent of the  
19 estimated cost of the project for which the loan is provided. The  
20 deposit must be made before the initial loan funds are disbursed.  
21 The loan recipient may not withdraw the deposit unless authorized  
22 by the commission.

23           (h) For money deposited under Subsection (g) for a loan for  
24 the construction of a new facility, the commission:

25               (1) shall authorize the loan recipient to withdraw the  
26 deposit from the escrow account if the facility for which the loan  
27 was provided is interconnected in the ERCOT power region before the

1 fourth anniversary of the date the initial loan funds were  
2 disbursed; or

3 (2) after the fourth anniversary of the date the  
4 initial loan funds were disbursed, may authorize the loan recipient  
5 to withdraw the deposit from the escrow account if the facility for  
6 which the loan was provided is interconnected in the ERCOT power  
7 region not later than the fifth anniversary of the date the initial  
8 loan funds were disbursed and the commission determines that  
9 extenuating circumstances justify the delay in completion.

10 (i) For money deposited under Subsection (g) for a loan for  
11 an upgrade to an existing facility, the commission:

12 (1) shall authorize the loan recipient to withdraw the  
13 deposit from the escrow account if the project for which the loan  
14 was provided is completed before the third anniversary of the date  
15 the initial loan funds were disbursed; or

16 (2) after the third anniversary of the date the  
17 initial loan funds were disbursed, may authorize the loan recipient  
18 to withdraw the deposit from the escrow account if the project for  
19 which the loan was provided is completed not later than the fourth  
20 anniversary of the date the initial loan funds were disbursed and  
21 the commission determines that extenuating circumstances justify  
22 the delay in completion.

23 (j) The comptroller shall deposit to the credit of the fund  
24 any escrow funds described by Subsection (g) that the commission  
25 may not authorize to be withdrawn by a loan recipient.

26 (k) Information submitted to the commission in an  
27 application for a loan under this section is confidential and not

1 subject to disclosure under Chapter 552, Government Code.

2 (1) The commission may not disburse the initial funds for a  
3 loan under this section after December 31, 2025.

4 (m) This section expires September 1, 2050.

5 Sec. 34.0105. COMPLETION BONUS GRANTS. (a) The commission  
6 shall provide, using money available in the fund for the purpose  
7 without further appropriation, a completion bonus grant for the  
8 construction of dispatchable electric generating facilities in the  
9 ERCOT power region. For the purposes of this section, a generating  
10 facility is considered to be dispatchable if the facility's output  
11 can be controlled primarily by forces under human control. An  
12 electric energy storage facility is not eligible for a grant under  
13 this section.

14 (b) The amount of a grant under this section must be based on  
15 the megawatts of capacity provided to the ERCOT power region by the  
16 facility.

17 (c) The commission may provide a grant under this section  
18 only for construction of a facility that:

19 (1) will have a generation capacity of at least 100  
20 megawatts; and

21 (2) does not meet the planning model requirements  
22 necessary to be included in the Capacity Demand and Reserves Report  
23 of the independent organization certified under Section 39.151 for  
24 the ERCOT power region before June 1, 2023.

25 (d) The commission shall evaluate an application for a grant  
26 under this section based on:

27 (1) the applicant's:

1                   (A) quality of services and management;  
2                   (B) efficiency of operations;  
3                   (C) history of electricity generation operations  
4 in this state and this country;  
5                   (D) resource operation attributes; and  
6                   (E) ability to address regional and reliability  
7 needs;

8                   (2) the generation capacity and estimated  
9 construction costs of the facility for which the grant is  
10 requested; and

11                   (3) any other factors the commission considers  
12 appropriate.

13           (e) Information submitted to the commission in an  
14 application for a grant under this section is confidential and not  
15 subject to disclosure under Chapter 552, Government Code.

16           (f) Unless the commission determines that extenuating  
17 circumstances justify extending the deadlines provided by this  
18 subsection, the commission may not provide a grant under this  
19 section of more than:

20                   (1) \$120,000 per megawatt of capacity provided by a  
21 facility that is interconnected in the ERCOT power region before  
22 June 1, 2026; or

23                   (2) \$80,000 per megawatt of capacity provided by a  
24 facility that is interconnected in the ERCOT power region on or  
25 after June 1, 2026, and before June 1, 2029.

26           (g) Unless the commission determines that extenuating  
27 circumstances justify extending the deadline provided by this

1 subsection, the commission may not provide a grant under this  
2 section for a facility that is interconnected in the ERCOT power  
3 region on or after June 1, 2029.

4 (h) The commission shall provide for the proceeds of each  
5 grant awarded under this section to be disbursed to the grant  
6 recipient by equal annual payments over a 10-year period that  
7 begins on the first anniversary of the commercial operations date  
8 of the facility for which the grant is provided. The annual  
9 payments are subject to being withheld or discounted in accordance  
10 with Subsection (i). The total of the annual disbursements may not  
11 exceed the maximum amount as limited by Subsection (f).

12 (i) The commission by rule shall establish performance  
13 standards for grant recipients based on reliability metrics,  
14 appropriate for the types of facilities for which grants may be  
15 provided, for performance during the 100 hours with the least  
16 quantity of operating reserves for each year. The commission may  
17 not disburse a grant recipient's annual payment under Subsection  
18 (h) if the performance of the facility for which the grant was  
19 provided is equal to or below the median performance standard  
20 established under this subsection during a test period designated  
21 by the commission for that year. The commission may disburse a  
22 discounted amount of a grant recipient's annual payment under  
23 Subsection (h) if the performance of the facility for which the  
24 grant was provided is above the median performance standard  
25 established under this subsection during a test period designated  
26 by the commission for that year but less than an optimal performance  
27 standard established by the commission. The commission shall by

1 rule adopt a system for determining the amount by which the  
2 commission will discount an annual payment based on facility  
3 performance under this subsection.

4 (j) This section expires December 1, 2040.

5 Sec. 34.0106. LOAN AND GRANT RESTRICTIONS. (a) If the  
6 commission has more than four pending applications for loans to be  
7 made from the fund on the date the commission awards a loan, the  
8 amount of the loan awarded may not exceed 25 percent of the fund  
9 balance on that date.

10 (b) The commission may not provide a loan or a grant under  
11 this chapter:

12 (1) for a facility that will be used primarily to serve  
13 an industrial load or private use network; or

14 (2) for the construction or operation of a natural gas  
15 transmission pipeline.

16 (c) The commission shall require each recipient of a loan  
17 under this chapter to enter into a debt covenant that requires the  
18 recipient to meet facility performance standards adopted by the  
19 commission. The commission by rule shall adopt performance  
20 standards for the purposes of this subsection based on reliability  
21 metrics appropriate for the types of facilities for which loans may  
22 be provided.

23 (d) Each facility for which a loan or grant is provided  
24 under Section 34.0104 or 34.0105 must participate in the ERCOT  
25 wholesale electricity market.

26 (e) The commission may provide from the fund:

27 (1) for grants under Section 34.0103, not more than \$1



1 billion;

2 (2) for loans and grants under Sections 34.0104 and  
3 34.0105, not more than \$7.2 billion; and

4 (3) for grants or loans under Subchapter B, not more  
5 than \$1.8 billion.

6 Sec. 34.0107. MANAGEMENT AND INVESTMENT OF FUND. (a) The  
7 trust company shall hold and invest the fund, and any accounts  
8 established in the fund, for and in the name of the commission,  
9 taking into account the purposes for which money in the fund may be  
10 used. The fund may be invested with the state treasury pool and  
11 commingled with other investments.

12 (b) The overall objective for the investment of the fund is  
13 to maintain sufficient liquidity to meet the needs of the fund while  
14 striving to preserve the purchasing power of the fund over a full  
15 economic cycle.

16 (c) In managing the assets of the fund, the trust company  
17 may acquire, exchange, sell, supervise, manage, or retain any kind  
18 of investment that a prudent investor, exercising reasonable care,  
19 skill, and caution, would acquire or retain in light of the  
20 purposes, terms, distribution requirements, and other  
21 circumstances of the fund then prevailing, taking into  
22 consideration the investment of all the assets of the fund rather  
23 than a single investment.

24 (d) The reasonable expenses of managing the fund's assets  
25 shall be paid from the fund.

26 (e) The trust company annually shall provide a written  
27 report to the commission and to the advisory committee with respect

1 to the investment of the fund.

2 (f) The trust company shall adopt a written investment  
3 policy that is appropriate for the fund. The trust company shall  
4 present the investment policy to the investment advisory board  
5 established under Section 404.028, Government Code. The investment  
6 advisory board shall submit to the trust company recommendations  
7 regarding the policy.

8 (g) The commission annually shall provide to the trust  
9 company a forecast of the cash flows into and out of the fund. The  
10 commission shall provide updates to the forecasts as appropriate to  
11 ensure that the trust company is able to achieve the objective  
12 specified by Subsection (b).

13 (h) The trust company shall disburse money from the fund as  
14 directed by the commission.

15 Sec. 34.0108. RECEIVERSHIP OF DEFAULT GENERATING FACILITY.

16 (a) In this section, "default" means:

17 (1) default in payment of the principal of or interest  
18 on a loan; or

19 (2) a failure to perform any of the terms of a loan.

20 (b) The state, including the commission, the advisory  
21 committee, and the trust company, may not retain an ownership  
22 interest in a project or facility for which a loan is provided under  
23 this chapter.

24 (c) In the event of a default on a loan made under this  
25 chapter, at the request of the commission, the attorney general  
26 shall bring suit in a district court in Travis County for the  
27 appointment of a receiver to collect the assets and carry on the

1 business of a loan recipient if the action is necessary to cure a  
2 default by the recipient.

3 (d) The court shall vest a receiver appointed by the court  
4 with any power or duty the court finds necessary to cure the  
5 default, including the power or duty to:

6 (1) perform audits;

7 (2) direct ongoing operation of the assets;

8 (3) fund reserve accounts;

9 (4) make payments of the principal of or interest on  
10 bonds, securities, or other obligations; and

11 (5) take any other action necessary to prevent or to  
12 remedy the default, including the sale of assets.

13 (e) The receiver shall execute a bond in an amount to be set  
14 by the court to ensure the proper performance of the receiver's  
15 duties.

16 (f) After appointment and execution of bond, the receiver  
17 shall take possession of the books, records, accounts, and assets  
18 of the defaulting loan recipient specified by the court. Until  
19 discharged by the court, the receiver shall perform the duties that  
20 the court directs and shall strictly observe the final order  
21 involved.

22 (g) On a showing of good cause by the defaulting loan  
23 recipient, the court may dissolve the receivership.

24 Sec. 34.0109. TEXAS ENERGY FUND ADVISORY COMMITTEE. (a)  
25 The advisory committee is composed of the following six members:

26 (1) three members of the senate appointed by the  
27 lieutenant governor, including:

1           (A) a member of the committee of the senate  
2 having primary jurisdiction over matters relating to the generation  
3 of electricity; and

4           (B) a member of the committee of the senate  
5 having primary jurisdiction over finance; and

6           (2) three members of the house of representatives  
7 appointed by the speaker of the house of representatives,  
8 including:

9           (A) a member of the committee of the house of  
10 representatives having primary jurisdiction over the generation of  
11 electricity; and

12           (B) a member of the committee of the house of  
13 representatives having primary jurisdiction over finance.

14           (b) A member of the advisory committee serves at the will of  
15 the person who appointed the member.

16           (c) The lieutenant governor shall appoint a co-presiding  
17 officer of the advisory committee from among the members appointed  
18 by the lieutenant governor. The speaker of the house of  
19 representatives shall appoint a co-presiding officer of the  
20 advisory committee from among the members appointed by the speaker.

21           (d) The advisory committee may hold public hearings, formal  
22 meetings, and work sessions. Either co-presiding officer of the  
23 advisory committee may call a public hearing, formal meeting, or  
24 work session of the advisory committee at any time. The advisory  
25 committee may not take formal action at a public hearing, formal  
26 meeting, or work session unless a quorum of the committee is  
27 present.

1       (e) Except as otherwise provided by this subsection, a  
2 member of the advisory committee is not entitled to receive  
3 compensation for service on the committee or reimbursement for  
4 expenses incurred in the performance of official duties as a member  
5 of the committee. Service on the advisory committee by a member of  
6 the senate or house of representatives is considered legislative  
7 service for which the member is entitled to reimbursement and other  
8 benefits in the same manner and to the same extent as for other  
9 legislative service.

10       (f) The advisory committee:

11               (1) may provide comments and recommendations to the  
12 commission for the commission to use in adopting rules regarding  
13 the use of the fund or on any other matter; and

14               (2) shall review the overall operation, function, and  
15 structure of the fund at least semiannually.

16       (g) The advisory committee may adopt rules, procedures, and  
17 policies as needed to administer this section and implement its  
18 responsibilities.

19       (h) Chapter 2110, Government Code, does not apply to the  
20 size, composition, or duration of the advisory committee.

21       (i) The advisory committee is subject to Chapter 325,  
22 Government Code (Texas Sunset Act). Unless continued in existence  
23 as provided by that chapter, the advisory committee is abolished  
24 September 1, 2035.

25       Sec. 34.0110. RULES. (a) The commission by rule may  
26 establish procedures for:

27               (1) the application for and award of a grant or loan

under this chapter; and

(2) the administration of the fund.

(b) The commission shall give full consideration to comments and recommendations of the advisory committee.

SUBCHAPTER B. TEXAS POWER PROMISE: BACKUP POWER PACKAGES

Sec. 34.0201. DEFINITION. In this subchapter, "Texas backup power package" means a stand-alone, behind-the-meter, multiday backup power source that can be used for islanding.

Sec. 34.0202. PURPOSE. The purpose of this subchapter is to facilitate and provide funding for the design, procurement, installation, and use of Texas backup power packages to ensure the reliability or adequacy of an electric power grid in this state for facilities on which communities rely for health, safety, and well-being.

Sec. 34.0203. COMMISSION DUTIES. (a) The commission shall convene an advisory committee in the manner provided by Chapter 2110, Government Code.

(b) The advisory committee shall recommend criteria for the commission to employ in making a grant or loan under this subchapter.

(c) The commission shall contract with a research entity that has experience in microgrid design to analyze critical facility characteristics and requirements in this state and develop for Texas backup power packages:

(1) sets of specifications for standard backup power packages of various sizes that can serve most critical facilities in this state; and

1           (2) specifications for standard interconnection,  
2 communications, and controls for Texas backup power packages.

3           Sec. 34.0204. TEXAS BACKUP POWER PACKAGES. The commission  
4 may use money in the Texas energy fund without further  
5 appropriation to provide a grant or loan for the operation of a  
6 Texas backup power package that:

7                   (1) is engineered to minimize operation costs;

8                   (2) uses interconnection technology and controls that  
9 enable immediate islanding from the power grid and stand-alone  
10 operation for the host facility;

11                   (3) is capable of operating for at least 48 continuous  
12 hours without refueling or connecting to a separate power source;

13                   (4) is designed so that one or more Texas backup power  
14 packages can be aggregated on-site to serve not more than 2.5  
15 megawatts of load at the host facility;

16                   (5) provides power sourced from:

17                           (A) a combination of natural gas or propane with  
18 photovoltaic panels and battery storage; or

19                           (B) battery storage on an electric school bus;  
20 and

21                   (6) is not used by the owner or host facility for the  
22 sale of energy or ancillary services.

23           Sec. 34.0205. GRANTS AND LOANS. (a) The commission by rule  
24 may establish procedures for the application for and award of a  
25 grant or loan under this subchapter.

26                   (b) The amount of a grant provided under this subchapter may  
27 not exceed \$500 per kilowatt of capacity.

1        (c) The commission may provide a loan under this subchapter  
2 for procurement and operating costs.

3        (d) The commission shall maintain and publish a list of  
4 approved vendors eligible to assist with the sale, installation,  
5 operation, and ongoing maintenance of Texas backup power packages.

6        (e) The commission may not provide a grant or loan under  
7 this subchapter for:

8            (1) a commercial energy system, a private school, or a  
9 for-profit entity that does not directly serve public safety and  
10 human health; or

11           (2) a source of backup power that does not follow the  
12 design and use standards of a Texas backup power package.

13        SECTION 3. Section 35.005, Utilities Code, is amended by  
14 adding Subsections (d), (e), (f), and (g) to read as follows:

15        (d) This subsection applies only to a facility in the ERCOT  
16 power region for which a loan or grant is provided under Subchapter  
17 A, Chapter 34. The independent organization certified under  
18 Section 39.151 for the ERCOT power region shall work with electric  
19 utilities to ensure that each facility in the ERCOT power region for  
20 which a loan or grant is provided is fully interconnected in the  
21 region not later than the date the facility is ready for commercial  
22 operation. The independent organization certified under Section  
23 39.151 for the ERCOT power region shall give priority to  
24 interconnecting each facility for which a loan or grant is provided  
25 except that the organization shall prioritize transmission  
26 projects that the organization has formally designated as critical  
27 for reliability over a facility for which a loan or grant is



1 provided. An electric utility that enters into an interconnection  
 2 agreement for a facility for which a loan or grant is provided shall  
 3 give priority to interconnecting the facility and complete  
 4 construction of any other facilities necessary to interconnect the  
 5 facility not later than the date the facility is ready for  
 6 commercial operation except that the utility shall prioritize  
 7 transmission projects that the independent organization certified  
 8 under Section 39.151 for the ERCOT power region has formally  
 9 designated as critical for reliability over a facility for which a  
 10 loan or grant is provided.

11 (e) If the commission receives an application under Chapter  
 12 37 for a certificate of convenience and necessity related to  
 13 facilities necessary to interconnect a facility to which Subsection  
 14 (d) applies and does not approve the application before the 90th day  
 15 after the date the commission received the application, the  
 16 deadline established by Subsection (d) is extended one day for each  
 17 day after the 90th day in which the commission does not approve the  
 18 application.

19 (f) The commission may extend the deadline established by  
 20 Subsection (d) after notice, hearing, and a determination on a  
 21 showing of good cause that fully interconnecting the facility  
 22 before the deadline is not feasible.

23 (g) In this subsection, "Texas backup power package" has the  
 24 meaning assigned by Section 34.0201. The commission by rule shall  
 25 adopt procedures to expedite an electric utility interconnection  
 26 request for a Texas backup power package for which a loan or grant  
 27 is awarded under Chapter 34.

1       SECTION 4. Subchapter C, Chapter 382, Health and Safety  
2 Code, is amended by adding Section 382.069 to read as follows:

3       Sec. 382.069. TEXAS BACKUP POWER PACKAGE. (a) In this  
4 section, "Texas backup power package" has the meaning assigned by  
5 Section 34.0201, Utilities Code.

6       (b) The commission by rule shall adopt a process to expedite  
7 the permitting of a Texas backup power package for which a permit is  
8 required under this chapter and for which a loan or grant is awarded  
9 under Chapter 34, Utilities Code.

10       SECTION 5. Not later than June 1, 2024, the Public Utility  
11 Commission of Texas shall begin accepting loan applications for  
12 loans authorized by Subchapter A, Chapter 34, Utilities Code, as  
13 added by this Act. Not later than December 31, 2025, the Public  
14 Utility Commission of Texas shall approve or deny each loan  
15 application and disburse initial loan funds for each approved  
16 applicant.

17       SECTION 6. This Act takes effect on the date on which the  
18 constitutional amendment proposed by the 88th Legislature, Regular  
19 Session, 2023, providing for the creation of the Texas energy fund  
20 to support the construction, maintenance, modernization, and  
21 operation of electric generating facilities takes effect. If that  
22 amendment is not approved by the voters, this Act has no effect.

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SECTION 1. This Act may be cited as the Powering Texas Forward Act.

SECTION 2. Subtitle B, Title 2, Utilities Code, is amended by adding Chapter 34 to read as follows:

CHAPTER 34. **GENERATING** FACILITY FUNDING

*No equivalent provision.*

Sec. 34.0101. DEFINITIONS.

Sec. 34.0102. FUND.

*No equivalent provision.*

HOUSE VERSION (IE)

SECTION 1. Same as Senate version.

SECTION 2. Subtitle B, Title 2, Utilities Code, is amended by adding Chapter 34 to read as follows:

CHAPTER 34. FACILITY FUNDING

SUBCHAPTER A. TEXAS ENERGY FUND; GRANTS AND LOANS [FA8(1)]

Sec. 34.0101. Same as Senate version except makes a conforming change. [FA8(2)]

Sec. 34.0102. Same as Senate version.

Sec. 34.0103. GRANTS FOR FACILITIES OUTSIDE ERCOT POWER REGION. (a) The commission may use money in the fund without further appropriation to provide grants to be used for transmission and distribution infrastructure and electric generating facilities in this state outside the ERCOT power region for:

- (1) facility modernization;
- (2) facility weatherization;
- (3) reliability and resiliency facility enhancements; or
- (4) vegetation management.

(b) In evaluating an application for a grant under this section, the commission:

- (1) shall evaluate whether the project for which the grant is requested is reasonable; and

CONFERENCE

SECTION 1. Same as Senate version.

SECTION 2. Subtitle B, Title 2, Utilities Code, is amended by adding Chapter 34 to read as follows:

Same chapter heading as House version.

Same subchapter heading as House version.

Sec. 34.0101. Same as House version.

Sec. 34.0102. Same as Senate version.

Sec. 34.0103. Same as House version except also adds Subsection (d) to read as follows:

**(d) Proceeds of a grant received under this section may not be used for:**

**(1) compliance with weatherization standards adopted before December 1, 2023; or**

**(2) debt payments.**

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(2) may consider any other appropriate factors.  
(c) Information submitted to the commission in an application for a grant under this section is confidential and not subject to disclosure under Chapter 552, Government Code. [FA1(1)]

*No equivalent provision.*

Same as House version.

Sec. 34.0103. LOANS FOR MAINTENANCE AND MODERNIZATION. (a) The commission may use money in the fund without further appropriation to provide loans to finance maintenance or modernization of dispatchable electric generating facilities operating in the ERCOT power region. For purposes of a loan under this subsection the commission may permit loan proceeds to be used for the construction of fuel transportation infrastructure. For the purposes of this section, a generating facility is considered to be dispatchable if the facility's output can be controlled primarily by forces under human control. An electric energy storage facility is not eligible for a loan under this section. The commission shall publish a list of the activities that constitute maintenance or modernization for the purposes of this section.

(b) The commission shall give priority to loan applications under this section that the commission determines will provide the highest ratio of dispatchable megawatts maintained to project costs.

(c) In evaluating an application for a loan under this section, the commission may consider any appropriate factor and shall consider the applicant's:

- (1) efforts and achievements in conserving resources;
- (2) quality of services;
- (3) efficiency of operations;
- (4) quality of management;

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(5) proposed improvement in availability of the generation facility for which the loan is requested;

(6) previous Texas energy fund loan history, with a preference toward entities that have not applied for or been granted a loan previously;

(7) access to resources essential for operating the facility for which the loan is requested, such as land, water, and reliable infrastructure, as applicable; and

(8) evidence of creditworthiness and ability to repay the loan on the terms established in the loan agreement, including the applicant's total assets, total liabilities, net worth, and credit ratings issued by major credit rating agencies.

(d) The commission may provide a loan under this section only for maintenance or modernization of a facility that has a generation capacity of at least 100 megawatts and is capable of operating for at least five years after the date the loan is received. For purposes of a loan under this subsection the commission may permit loan proceeds to be used for the construction of fuel transportation infrastructure.

(e) Proceeds of a loan received under this section may not be used for:

(1) compliance with weatherization standards adopted before December 1, 2023;

(2) debt payments; or

(3) expenses not related to maintaining or modernizing the electric generating facility.

(f) An electric utility may not receive a loan under this section.

(g) The commission may require immediate repayment of a loan issued under this section if the recipient of the loan stops operating the facility for which the loan was received before

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the fifth anniversary of the date on which the loan was disbursed.

(h) A loan provided under this section:

(1) must have a term of five years; and

(2) must bear an interest rate of zero percent.

(i) Information submitted to the commission in an application for a loan under this section is confidential and not subject to disclosure under Chapter 552, Government Code.

Sec. 34.0104. LOANS FOR **CONSTRUCTION**.

(a) The commission may use money in the fund without further appropriation to provide loans to finance the construction of dispatchable electric generating facilities providing power for the ERCOT power region.

For the purposes of this section, a generating facility is considered to be dispatchable if the facility's output can be controlled primarily by forces under human control. An electric energy storage facility is not eligible for a loan under this section.

(b) The commission may provide a loan under this section only:

(1) for construction of a facility that will have a generation capacity of at least 100 megawatts and that does not meet the

HOUSE VERSION (IE)

Sec. 34.0104. LOANS FOR **ERCOT POWER REGION**.

(a) The commission may use money in the fund without further appropriation to provide loans to finance **upgrades to existing dispatchable electric generating facilities providing power for the ERCOT power region that result in a net increase of 100 megawatts of capacity for each facility or** the construction of dispatchable electric generating facilities providing power for the ERCOT power region **that each have a generation capacity of at least 100 megawatts.**

For the purposes of this section, a generating facility is considered to be dispatchable if the facility's output can be controlled primarily by forces under human control. An electric energy storage facility is not eligible for a loan under this section. [FA1(2)]

(b) The commission may provide a **construction** loan under this section only:

(1) for construction of a facility that will have a generation capacity of at least 100 megawatts and that does not meet the

CONFERENCE

Sec. 34.0104. LOANS FOR **ERCOT POWER REGION**.

(a) Same as House version except specifies that the requisite net increase of 100 megawatts of capacity is a net increase of **at least** 100 megawatts.

(b) Same as House version.

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planning model requirements necessary to be included in the Capacity Demand and Reserves Report of the independent organization certified under Section 39.151 for the ERCOT power region before June 1, 2023; and  
(2) in an amount that does not exceed 75 percent of the estimated cost of the facility to be constructed.

(c) The commission shall evaluate an application for a loan under this section based on:

(1) the applicant's:

(A) quality of services and management;

(B) efficiency of operations;

(C) history of electricity generation operations in this state and this country;

(D) resource operation attributes;

(E) ability to address regional and reliability needs;

(F) access to resources essential for operating the facility for which the loan is requested, such as land, water, and reliable infrastructure, as applicable; and

(G) evidence of creditworthiness and ability to repay the loan on the terms established in the loan agreement, including the applicant's total assets, total liabilities, net worth, and credit ratings issued by major credit rating agencies;

(2) the generation capacity and estimated **construction** costs of the **facility** for which the loan is requested; and

(3) any other factors the commission considers appropriate.

(d) Outstanding loans provided under this section and grants provided under Section 34.0105, considered together, may

HOUSE VERSION (IE)

planning model requirements necessary to be included in the Capacity Demand and Reserves Report of the independent organization certified under Section 39.151 for the ERCOT power region before June 1, 2023;  
(2) in an amount that does not exceed 60 percent of the estimated cost of the facility to be constructed; and  
**(3) if the agreement ensures that the loan is to be the senior debt secured by the facility.**

(c) The commission shall evaluate an application for a loan under this section based on:

(1) the applicant's:

(A) quality of services and management;

(B) efficiency of operations;

(C) history of electricity generation operations in this state and this country;

(D) resource operation attributes;

(E) ability to address regional and reliability needs;

(F) access to resources essential for operating the facility for which the loan is requested, such as land, water, and reliable infrastructure, as applicable; and

(G) evidence of creditworthiness and ability to repay the loan on the terms established in the loan agreement, including the applicant's total assets, total liabilities, net worth, and credit ratings issued by major credit rating agencies;

(2) the generation capacity and estimated costs of the **project** for which the loan is requested; and

(3) any other factors the commission considers appropriate.

(d) Outstanding loans provided under this section and grants provided under Section 34.0105, considered together, may

CONFERENCE

(c) Same as House version.

(d) Outstanding loans provided under this section and grants provided under Section 34.0105, considered together, may

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not support the construction of more than **10,000** megawatts of generation capacity.

(e) An electric utility may not receive a loan under this section.

(f) A loan provided under this section:  
(1) must have a term of **20** years; and

No equivalent provision.

(2) must bear an interest rate of **zero percent**.

(g) The commission shall require each recipient of a loan under this section to deposit in an escrow account held by the comptroller an amount of money equal to three percent of the estimated cost of **constructing the facility** for which the loan is provided. The deposit must be made before the loan funds are disbursed. The loan recipient may not withdraw the deposit unless authorized by the commission.

HOUSE VERSION (IE)

not support the **addition or** construction of more than **the amount of** megawatts of generation capacity **needed to meet reliability standards, goals, or operational targets for the ERCOT power region, as determined by the commission.**  
[FA1(3)]

(e) An electric utility **other than a river authority** may not receive a loan under this section.

(f) A loan provided under this section must:  
(1) have a term of **10** years; [FA3]

(2) be payable ratably starting on **the earlier of:**  
**(A) the date the facility for which the loan was provided achieves commercial operations; or**  
**(B) the second** anniversary of the estimated commercial operation date of the facility for which the loan was provided, as stated in the loan application; and  
(3) bear an interest rate **equal to the most recent federal funds rate published by the Federal Reserve Bank of New York.** [FA4]

(g) The commission shall require each recipient of a loan under this section to deposit in an escrow account held by the comptroller an amount of money equal to three percent of the estimated cost of **the project** for which the loan is provided. The deposit must be made before the loan funds are disbursed. The loan recipient may not withdraw the deposit unless authorized by the commission.

CONFERENCE

not support the **addition or** construction of more than **10,000** megawatts of generation capacity.

(e) Same as House version.

(f) A loan provided under this section must:  
(1) have a term of **20** years;

(2) be payable ratably starting on the **third** anniversary of the estimated commercial operation date of the facility for which the loan was provided, as stated in the loan application; and

(3) bear an interest rate of **three percent**.

(g) The commission shall require each recipient of a loan under this section to deposit in an escrow account held by the comptroller an amount of money equal to three percent of the estimated cost of **the project** for which the loan is provided. The deposit must be made before the **initial** loan funds are disbursed. The loan recipient may not withdraw the deposit unless authorized by the commission.



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The commission:

(1) shall authorize the loan recipient to withdraw the deposit from the escrow account if the facility for which the loan was provided is interconnected in the ERCOT power region before the *third* anniversary of the date the loan funds were disbursed; or  
(2) after the *third* anniversary of the date the loan funds were disbursed, may authorize the loan recipient to withdraw the deposit from the escrow account if the facility for which the loan was provided is interconnected in the ERCOT power region not later than the *fourth* anniversary of the date the loan funds were disbursed and the commission determines that extenuating circumstances justify the delay in completion.

*No equivalent provision.*

(h)-(i)

HOUSE VERSION (IE)

(h) For money deposited under Subsection (g) for a loan for the construction of a new facility, the commission:

(1) shall authorize the loan recipient to withdraw the deposit from the escrow account if the facility for which the loan was provided is interconnected in the ERCOT power region before the *fourth* anniversary of the date the loan funds were disbursed; or  
(2) after the *fourth* anniversary of the date the loan funds were disbursed, may authorize the loan recipient to withdraw the deposit from the escrow account if the facility for which the loan was provided is interconnected in the ERCOT power region not later than the *fifth* anniversary of the date the loan funds were disbursed and the commission determines that extenuating circumstances justify the delay in completion.

(i) For money deposited under Subsection (g) for a loan for an upgrade to an existing facility, the commission:

(1) shall authorize the loan recipient to withdraw the deposit from the escrow account if the project for which the loan was provided is completed before the third anniversary of the date the loan funds were disbursed; or  
(2) after the third anniversary of the date the loan funds were disbursed, may authorize the loan recipient to withdraw the deposit from the escrow account if the project for which the loan was provided is completed not later than the fourth anniversary of the date the loan funds were disbursed and the commission determines that extenuating circumstances justify the delay in completion.

(j)-(k) Same as Senate version.

CONFERENCE

(h) For money deposited under Subsection (g) for a loan for the construction of a new facility, the commission:

(1) shall authorize the loan recipient to withdraw the deposit from the escrow account if the facility for which the loan was provided is interconnected in the ERCOT power region before the *fourth* anniversary of the date the *initial* loan funds were disbursed; or  
(2) after the *fourth* anniversary of the date the *initial* loan funds were disbursed, may authorize the loan recipient to withdraw the deposit from the escrow account if the facility for which the loan was provided is interconnected in the ERCOT power region not later than the *fifth* anniversary of the date the *initial* loan funds were disbursed and the commission determines that extenuating circumstances justify the delay in completion.

(i) For money deposited under Subsection (g) for a loan for an upgrade to an existing facility, the commission:

(1) shall authorize the loan recipient to withdraw the deposit from the escrow account if the project for which the loan was provided is completed before the third anniversary of the date the *initial* loan funds were disbursed; or  
(2) after the third anniversary of the date the *initial* loan funds were disbursed, may authorize the loan recipient to withdraw the deposit from the escrow account if the project for which the loan was provided is completed not later than the fourth anniversary of the date the *initial* loan funds were disbursed and the commission determines that extenuating circumstances justify the delay in completion.

(j)-(k) Same as Senate version.

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*No equivalent provision.*

(j) This section expires September 1, 2050.

Sec. 34.0105. COMPLETION BONUS GRANTS.

(a)

(b) The amount of a grant under this section must be based on the megawatts of capacity provided to the ERCOT power region by the facility.

(c) The commission may provide a grant under this section only for construction of a facility that:

(1) will have a generation capacity of at least 100 megawatts;

(2) does not meet the planning model requirements necessary to be included in the Capacity Demand and Reserves Report of the independent organization certified under Section 39.151 for the ERCOT power region before June 1, 2023; and

**(3) is interconnected in the ERCOT power region not later than December 31, 2026, or, if the commission determines that extenuating circumstances justify a delay in the facility's completion, before a later date as specified by the commission that must be not later than June 1, 2027.**

(d)-(e)

HOUSE VERSION (IE)

(l) The commission may not disburse **money** for a loan under this section after December 31, 2026.

*No equivalent provision.*

Sec. 34.0105. COMPLETION BONUS GRANTS.

(a) Same as Senate version. [FA1(4)]

(b) Same as Senate version.

(c) The commission may provide a grant under this section only for construction of a facility that:

(1) will have a generation capacity of at least 100 megawatts; and [FA5(1)]

(2) does not meet the planning model requirements necessary to be included in the Capacity Demand and Reserves Report of the independent organization certified under Section 39.151 for the ERCOT power region before June 1, 2023. [FA5(2)-(3)]

(d)-(e) Same as Senate version.

CONFERENCE

(l) The commission may not disburse **the initial funds** for a loan under this section after December 31, 2025.

(m) Same as Senate version.

Sec. 34.0105. COMPLETION BONUS GRANTS.

(a) Same as Senate version.

(b) Same as House version.

(c) Same as House version.

(d)-(e) Same as Senate version.

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(f) The commission may not provide a grant under this section of more than \$200,000 per megawatt of capacity provided by *the* facility.

*No equivalent provision.*

*No equivalent provision.*

*No equivalent provision.*

HOUSE VERSION (IE)

(f) *Unless the commission determines that extenuating circumstances justify extending the deadlines provided by this subsection*, the commission may not provide a grant under this section of more than:

(1) \$120,000 per megawatt of capacity provided by a facility that is interconnected in the ERCOT power region before June 1, 2026; or

(2) \$80,000 per megawatt of capacity provided by a facility that is interconnected in the ERCOT power region on or after June 1, 2026, and before June 1, 2028.

(g) Unless the commission determines that extenuating circumstances justify extending the deadline provided by this subsection, the commission may not provide a grant under this section for a facility that is interconnected in the ERCOT power region on or after June 1, 2028. [FA5(4)]

( ) The commission may not provide a grant under this section to an entity that has received a loan under Section 34.0104.

(h) [FA9(1)]

(i) The commission shall provide for the proceeds of each grant awarded under this section to be disbursed to the grant recipient by equal annual payments over a 10-year period that begins on the first anniversary of the commercial operations date of the facility for which the grant is provided. The annual payments are subject to being withheld or discounted in accordance with Subsection (j). The total of the annual disbursements may not exceed the maximum amount as limited by Subsection (f).

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(f) Same as House version except the deadline for interconnection for the maximum \$80,000 per megawatt grant under Subdivision (2) is *June 1, 2029*.

(g) Unless the commission determines that extenuating circumstances justify extending the deadline provided by this subsection, the commission may not provide a grant under this section for a facility that is interconnected in the ERCOT power region on or after June 1, 2029.

Same as Senate version.

(h) Substantially the same as House version.

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*No equivalent provision.*

(g) This section expires December 1, 2028.

Sec. 34.01055. LOAN AND GRANT RESTRICTIONS.

(a)

(b) The commission may not provide a loan or a grant **for a facility** under this chapter **if the** facility will be used primarily to serve an industrial load or private use network.

HOUSE VERSION (IE)

(j) The commission by rule shall establish performance standards for grant recipients based on reliability metrics, appropriate for the types of facilities for which grants may be provided, for performance during the 100 hours with the least quantity of operating reserves for each year. The commission may not disburse a grant recipient's annual payment under Subsection (i) if the performance of the facility for which the grant was provided is equal to or below the median performance standard established under this subsection during a test period designated by the commission for that year. The commission may disburse a discounted amount of a grant recipient's annual payment under Subsection (i) if the performance of the facility for which the grant was provided is above the median performance standard established under this subsection during a test period designated by the commission for that year but less than an optimal performance standard established by the commission. The commission shall by rule adopt a system for determining the amount by which the commission will discount an annual payment based on facility performance under this subsection. [FA9(3)]

*No equivalent provision.*

Sec. 34.0106. LOAN AND GRANT RESTRICTIONS.

(a) Same as Senate version.

(b) The commission may not provide a loan or a grant under this chapter:

(1) **for a** facility **that** will be used primarily to serve an industrial load or private use network; **or**

CONFERENCE

(i) Substantially the same as House version.

(j) This section expires December 1, 2040.

Sec. 34.0106. LOAN AND GRANT RESTRICTIONS.

(a) Same as Senate version.

(b) Same as House version.

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(2) for the construction or operation of a natural gas transmission pipeline. [FA7]

*No equivalent provision.*

(c) The commission shall require each recipient of a loan under this chapter to enter into a debt covenant that requires the recipient to meet facility performance standards adopted by the commission. The commission by rule shall adopt performance standards for the purposes of this subsection based on reliability metrics appropriate for the types of facilities for which loans may be provided.

(c) Same as House version.

(c) Each facility for which a loan or grant is provided under this chapter must participate in the ERCOT wholesale electricity market.

*No equivalent provision.*

(d) Substantially the same as Senate version.

(d) The commission may provide:

(d) Before December 1, 2026, the commission may provide:

(e) The commission may provide *from the fund*:

(1) not more than five percent of the balance of the fund per biennium for loans for maintenance and modernization under Section 34.0103; and

*No equivalent provision.*

Same as House version.

(1) for grants under Section 34.0103, not more than 15 percent of the money available in the fund on December 1, 2023;

(1) for grants under Section 34.0103, not more than \$1 billion;

(2) not more than 75 percent of the balance of the fund per biennium for loans for construction under Section 34.0104.

(2) for loans and grants under Sections 34.0104 and 34.0105, not more than 60 percent of the money available in the fund on December 1, 2023; and

(2) for loans and grants under Sections 34.0104 and 34.0105, not more than \$7.2 billion; and

*No equivalent provision.*

(3) for grants or loans under Subchapter B, not more than 25 percent of the money available in the fund on December 1, 2023. [FA9(4)]

(3) for grants or loans under Subchapter B, not more than \$1.8 billion.

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|--|--|---|
| <i>No equivalent provision.</i>  | <u>(e) Subsection (d) and this subsection expire December 31, 2026. [FA9(5)]</u>   | Same as Senate version.   |
| <u>Sec. 34.0106. MANAGEMENT AND INVESTMENT OF FUND.</u>  | <u>Sec. 34.0107. Same as Senate version. [FA1(6)]</u>  | <u>Sec. 34.0107. Same as Senate version.</u>                                    |
| <u>Sec. 34.0107. RECEIVERSHIP OF DEFAULT GENERATING FACILITY.</u>  | <u>Sec. 34.0108. Same as Senate version. [FA1(7)]</u>  | <u>Sec. 34.0108. Same as Senate version.</u>                                    |
| <u>Sec. 34.0108. TEXAS ENERGY FUND ADVISORY COMMITTEE.</u>   | <u>Sec. 34.0109. Same as Senate version. [FA1(8)]</u>  | <u>Sec. 34.0109. Same as Senate version.</u>                                    |
| <u>Sec. 34.0109. RULES. (a) The commission by rule may establish procedures for:</u><br><u>(1) the application for and award of a loan under this chapter; and</u><br><u>(2) the administration of the fund.</u><br><u>(b) The commission shall give full consideration to comments and recommendations of the advisory committee.</u> | <u>Sec. 34.0110. RULES. (a) The commission by rule may establish procedures for: [FA1(9)]</u><br><u>(1) the application for and award of a <i>grant or</i> loan under this chapter; and</u><br><u>(2) the administration of the fund.</u><br><u>(b) The commission shall give full consideration to comments and recommendations of the advisory committee.</u>  | <u>Sec. 34.0110. Same as House version.</u>                                     |
| <i>No equivalent provision.</i>  | <u>SUBCHAPTER B. TEXAS POWER PROMISE: BACKUP POWER PACKAGES</u><br><u>Sec. 34.0201. DEFINITION. In this subchapter, "Texas backup power package" means a stand-alone, behind-the-meter, multiday backup power source that can be used for islanding.</u><br><u>Sec. 34.0202. PURPOSE. The purpose of this subchapter is to facilitate and provide funding for the design, procurement, installation, and use of Texas backup power packages to ensure the reliability or adequacy of an electric power grid in</u> | <u>SUBCHAPTER B.</u> Entire subchapter substantially the same as House version. |

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this state for facilities on which communities rely for health, safety, and well-being.

Sec. 34.0203. COMMISSION DUTIES. (a) The commission shall convene an advisory committee in the manner provided by Chapter 2110, Government Code.

(b) The advisory committee shall recommend criteria for the commission to employ in making a grant or loan under this subchapter.

(c) The commission shall contract with a research entity that has experience in microgrid design to analyze critical facility characteristics and requirements in this state and develop for Texas backup power packages:

(1) sets of specifications for standard backup power packages of various sizes that can serve most critical facilities in this state; and

(2) specifications for standard interconnection, communications, and controls for Texas backup power packages.

Sec. 34.0204. TEXAS BACKUP POWER PACKAGES. The commission may use money in the Texas energy fund without further appropriation to provide a grant or loan for the operation of a Texas backup power package that:

(1) is engineered to minimize operation costs;

(2) uses interconnection technology and controls that enable immediate islanding from the power grid and stand-alone operation for the host facility;

(3) is capable of operating for at least 48 continuous hours without refueling or connecting to a separate power ;

(4) is designed so that one or more Texas backup power packages can be aggregated on-site to serve not more than 2.5 megawatts of load at the host facility;

(5) provides power sourced from:

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(A) a combination of natural gas or propane with photovoltaic panels and battery storage; or  
(B) battery storage on an electric school bus; and  
(6) is not used by the owner or host facility for the sale of energy or ancillary services.

Sec. 34.0205. GRANTS AND LOANS. (a) The commission by rule may establish procedures for the application for and award of a grant or loan under this subchapter.

(b) The amount of a grant provided under this subchapter may not exceed \$500 per kilowatt of capacity.

(c) The commission may provide a loan under this subchapter for procurement and operating costs.

(d) The commission shall maintain and publish a list of approved vendors eligible to assist with the sale, installation, operation, and ongoing maintenance of Texas backup power packages.

(e) The commission may not provide a grant or loan under this subchapter for:

(1) a commercial energy system, a private school, or a for-profit entity that does not directly serve public safety and human health; or

(2) a source of backup power that does not follow the design and use standards of a Texas backup power package.  
[FA8(3)]

SECTION 3. Section 35.005, Utilities Code, is amended by adding Subsections (d), (e), and (f) to read as follows:

(d) The independent organization certified under Section 39.151 for the ERCOT power region shall work with electric utilities to ensure that each facility for which a loan or grant

SECTION 3. Section 35.005, Utilities Code, is amended by adding Subsections (d), (e), and (f) to read as follows:

**(d) This subsection applies only to a facility in the ERCOT power region for which a loan or grant is provided under Subchapter A, Chapter 34.** The independent organization

SECTION 3. Section 35.005, Utilities Code, is amended by adding Subsections (d), (e), (f), and (g) to read as follows:

(d) Same as House version.



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is provided **under Chapter 34** is fully interconnected in the ERCOT power region not later than the date the facility is ready for commercial operation. The independent organization certified under Section 39.151 for the ERCOT power region shall give priority to interconnecting each facility for which a loan or grant is provided **under Chapter 34**.

An electric utility that enters into an interconnection agreement for a facility for which a loan or grant is provided **under Chapter 34** shall give priority to interconnecting the facility and complete construction of any other facilities necessary to interconnect the facility not later than the date the facility is ready for commercial operation.

(e) If the commission receives an application under Chapter 37 for a certificate of convenience and necessity related to facilities necessary to interconnect a facility **for which a loan or grant is provided under Chapter 34** and does not approve the application before the 90th day after the date the commission received the application, the deadline established by Subsection (d) is extended one day for each day after the 90th day in which the commission does not approve the application.

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certified under Section 39.151 for the ERCOT power region shall work with electric utilities to ensure that each facility **in the ERCOT power region** for which a loan or grant is provided is fully interconnected in the region not later than the date the facility is ready for commercial operation. The independent organization certified under Section 39.151 for the ERCOT power region shall give priority to interconnecting each facility for which a loan or grant is provided **except that the organization shall prioritize transmission projects that the organization has formally designated as critical for reliability over a facility for which a loan or grant is provided.** An electric utility that enters into an interconnection agreement for a facility for which a loan or grant is provided shall give priority to interconnecting the facility and complete construction of any other facilities necessary to interconnect the facility not later than the date the facility is ready for commercial operation **except that the utility shall prioritize transmission projects that the independent organization certified under Section 39.151 for the ERCOT power region has formally designated as critical for reliability over a facility for which a loan or grant is provided.** [FA8(4);FA8(5A)-(5E)]

(e) If the commission receives an application under Chapter 37 for a certificate of convenience and necessity related to facilities necessary to interconnect a facility **to which Subsection (d) applies** and does not approve the application before the 90th day after the date the commission received the application, the deadline established by Subsection (d) is extended one day for each day after the 90th day in which the commission does not approve the application. [FA8(6)]

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(e) Same as House version.

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CONFERENCE

(f)

*No equivalent provision.*

*No equivalent provision.*

SECTION 4. Not later than **December 31, 2023**, the Public Utility Commission of Texas shall **accept** loan applications for loans authorized by Chapter 34, Utilities Code, as added by this Act, approve or deny each loan application, and disburse loan funds for each approved applicant.

(f) Same as Senate version.

**SECTION \_\_. Subchapter Z, Chapter 39, Utilities Code, is amended by adding Section 39.919 to read as follows:**

**Sec. 39.919. TEXAS BACKUP POWER PACKAGES.**

(a) In this section, "Texas backup power package" has the meaning assigned by Section 34.0201.

(b) The commission by rule shall adopt procedures to expedite **electric cooperative, municipally owned utility, and electric utility interconnection requests** for a Texas backup power package for which a loan or grant is awarded under Chapter 34. [FA8(8)]

SECTION \_\_. Subchapter C, Chapter 382, Health and Safety Code, is amended by adding Section 382.069 to read as follows:

**Sec. 382.069. TEXAS BACKUP POWER PACKAGE. (a)**  
In this section, "Texas backup power package" has the meaning assigned by Section 34.0201, Utilities Code.

(b) The commission by rule shall adopt a process to expedite the permitting of a Texas backup power package for which a permit is required under this chapter and for which a loan or grant is awarded under Chapter 34, Utilities Code. [FA8(8)]

SECTION 4. Not later than **December 31, 2026**, the Public Utility Commission of Texas shall **accept** loan applications for loans authorized by **Subchapter A**, Chapter 34, Utilities Code, as added by this Act, approve or deny each loan application, and disburse loan funds for each approved applicant. [FA8(7)]

(f) Same as Senate version.

(g)

In this subsection, "Texas backup power package" has the meaning assigned by Section 34.0201.

The commission by rule shall adopt procedures to expedite **an electric utility interconnection request** for a Texas backup power package for which a loan or grant is awarded under Chapter 34.

SECTION 4. Same as House version.

SECTION 5. Not later than **June 1, 2024**, the Public Utility Commission of Texas shall **begin accepting** loan applications for loans authorized by **Subchapter A**, Chapter 34, Utilities Code, as added by this Act. **Not later than December 31, 2025, the Public Utility Commission of Texas shall** approve or deny each loan application and disburse **initial** loan funds for each approved applicant.

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SECTION 5. This Act takes effect on the date on which the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, providing for the creation of the Texas energy fund ***and the authorization of other funding mechanisms*** to support the construction, maintenance, and modernization of electric generating facilities takes effect. If that amendment is not approved by the voters, this Act has no effect.

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SECTION 5. This Act takes effect on the date on which the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, providing for the creation of the Texas energy fund to support the construction, maintenance, modernization, ***and operation*** of electric generating facilities takes effect. If that amendment is not approved by the voters, this Act has no effect. [FA1(10)]

CONFERENCE

SECTION 6. Same as House version.

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**Revision 1**

**May 28, 2023**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate  
Honorable Dade Phelan, Speaker of the House, House of Representatives

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE:** **SB2627** by Schwertner (Relating to funding mechanisms to support the construction, maintenance, modernization, and operation of electric generating facilities.), **Conference Committee Report**

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|--|
| The fiscal implications of the bill cannot be determined at this time. |
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**Local Government Impact**

The fiscal implications of the bill cannot be determined at this time.

**Source Agencies:** 116 Sunset Advisory Commission, 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas

**LBB Staff:** JMc, JBel, SZ, SMAT, GDZ, SD

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

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**Source Agencies:** 116 Sunset Advisory Commission, 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas

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